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CSCL/HSD SLOT CHARTER AGREEMENT

FMC Agreement No. 012326

Expiration Date: In accordance with Article 7 hereof



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WHEREAS: CSCL (as defined below) operates general container services as more fully described in Article 8(a) and 8(b) hereto; and

WHEREAS: HSD (as defined below) desires to charter slots on the services, and CSCL desires to charter slots on the services to HSD, on the terms and conditions set forth in this Agreement (as defined below).

NOW THEREFORE THE PARTIES HERETO HAVE HEREUNTO AGREED as follows:

1. Parties

The parties to this Agreement are

(a) CHINA SHIPPING CONTAINER LINES CO., LTD.
Room A-538, Yangshan International Trade Center,
No. 188 Ye Sheng Road, China (Shanghai) Pilot Free Trade Zone,
Shanghai 201306, P.R. China

and

CHINA SHIPPING CONTAINER LINES (HONG KONG) CO., LTD.
33/F, Tower 2, Kowloon Commerce Centre,
51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong

China Shipping Container Lines Co., Ltd and China Shipping Container Lines (Hong Kong) Co., Ltd shall be treated as a single party hereunder and shall be referred to collectively as "CSCL".

China Shipping Container Lines Co., Ltd and China Shipping Container Lines (Hong Kong) Co., Ltd shall be jointly and severally responsible for the performance of each of their obligations under this Agreement and for any and all damages arising out of or resulting from any breach of this Agreement by either of them.

(b) Hamburg Südamerikanische Dampfschiffahrts-Gesellschaft KG
Willy-Brandt-Strasse 59-61
20547 Hamburg
Germany

Referred to as "HSD"

2. Definitions:

"Agreement" means this CSCL/HSD SLOT CHARTER AGREEMENT.

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- "Party" or "Parties" means either CSCL or HSD individually or collectively.
- "Container(s)" means any ISO standard container(s) with a maximum height of 9'6" including any reefer and/or other special containers, provided they meet ISO standards.
- "Vessel(s)" means a purpose built containership maintained in service by CSCL or on which CSCL controls space pursuant to agreements with other carriers
- "Slot(s)" means the space occupied by 1 x 20' x 8' x 8'6" or 1 x 20' x 8' x 9'6" ISO container for the predetermined maximum average gross weight.

3. Undertaking and Purpose

Subject to the terms and conditions hereinafter set forth, CSCL undertakes to allow HSD to charter Slots on the Vessels operated in the services described in Section 8(a) and 8(b) of this Agreement for the carriage of Containers of the volume and on the terms hereinafter further defined.

HSD undertakes to meet its commitment and pay any slot capacity to be chartered by it as hereunder described.

4. Scope of the Agreement

This Agreement covers the trade between the ports in China and Korea; and ports on the West Coast of the United States (Los Angeles/Oakland range) and the inland/coastal points served by such ports (the "Trade"). There shall be no geographic restrictions on the origin or destination of cargo carried on the Vessels employed in the services described in Section 8(a) and 8(b) of this Agreement. In other words, such cargo may originate from or be destined for ports or points outside the geographic scope of this Agreement.

The inclusion of non-U.S. trades in this Agreement shall not bring such non-U.S. trades under the jurisdiction of the Federal Maritime Commission or entitle the Parties hereto to immunity from the U.S. antitrust laws with respect to such non-U.S. trades.

5. Containers and Cargo

HSD will be allowed to ship only dry-cargo Containers, reefers and empty Containers meeting the definition mentioned in Article 2 hereof. Loaded Containers shall be in a seaworthy condition, containing lawful merchandise of any kind, including IMO cargo, properly packed and

secured. Containers not meeting the above criteria may be refused for carriage. Notwithstanding the above, explosives and radioactive material shall not be accepted by CSCL.

6. Schedules

HSD shall be allowed to utilize Slots available on CSCL's services and Vessels, as described in Sections 8(a) and 8(b) of this Agreement, according to their schedules and schedule arrangements.

CSCL may permanently change its schedule, ports of call, and rotation at any time, at its sole discretion, by giving HSD notice of such change in accordance with this Agreement.

7. Term of the Agreement

This Agreement shall commence on or about week 21 of 2015, or the date this Agreement becomes effective under the Shipping Act of 1984, as amended and FMC regulations issued pursuant thereto, whichever is later (such date, the "Effective Date") and shall remain in force for a minimum period of one (1) year (the "Initial Term").

Upon expiration of the Initial Term, this Agreement shall continue for an unlimited period of time, provided that after expiration of the Initial Term either Party may terminate this Agreement by giving three (3) months prior written notice to the other Party. For the avoidance of doubt, the first notice may not be served prior to the completion of the first nine (9) months after the Effective Date.

If upon the date this Agreement would otherwise terminate, the round-trip voyages commenced prior to such termination date have not been completed, this Agreement shall, unless otherwise agreed, be automatically extended for such time as required to complete such round-trip voyages.

Notwithstanding the above:

- (a) In case the ownership or shareholding of a Party is modified in a way altering its financial control or material ownership, the other Party, if it judges in good faith that such modification is likely to jeopardize the Agreement's implementation and performance and/or is likely to prejudice the cohesion and or viability of this Agreement, shall be entitled to terminate the present Agreement by serving a three (3) months' prior written notice which notice must be given within three (3) months of the other Party being advised in writing of the change of ownership or shareholding.
- (b) Furthermore, if at any time during the term of the Agreement any Party should become bankrupt or be declared insolvent or other steps

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are taken for the winding-up of such Party, then the other Party may terminate the Agreement with immediate effect.

- (c) Notwithstanding the above, the Agreement may be terminated at any time by written mutual agreement of both Parties.
- (d) In the event of termination for any reason whatsoever all debts, obligations and liabilities that have accrued during the currency of this Agreement shall survive and they will be resolved according to the provisions and procedures contained within this Agreement.

8. Slot Commitment

- (a) The long leg allocation on both bounds on each weekly sailing for HSD on CSCL's AAC service will be:

<u>String</u>	<u>Allocation</u>
AAC	200 TEUs

The AAC service, which is independently operated by CSCL, shall deploy six (6) vessels on 42-day round trip voyage, calling on a fixed day and weekly basis in such ports within the Trade. The port rotation shall be:

Qingdao - Lianyungang - Shanghai - Ningbo - Los Angeles - Oakland - Qingdao

- (b) The long leg allocation on both bounds on each weekly sailing for HSD on CSCL's AAC3 service will be:

<u>String</u>	<u>Allocation</u>
AAC3	300 TEUs

The AAC3 service, which is jointly operated by CSCL, UASC, YMUK, CMA CGM and PIL pursuant to FMC Agreement No. 012233-002, shall deploy six (6) vessels on 42-day round trip voyage, calling on a fixed day and weekly basis in such ports within the Trade. The port rotation shall be:

Shanghai - Ningbo - Pusan - Los Angeles - Oakland - Shanghai

- (c) Such Slot Charter shall be 200 TEUs roundtrip per sailing on AAC service and 300 TEUs roundtrip per sailing on AAC3 service, on used or unused basis, at a maximum average weight of 10 tons per TEU. HSD's weight allocation shall be adjusted as the Parties may agree in port(s) where there are draft limits.

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- (d) CSCL is authorized to charter, exchange or otherwise make available to HSD such Slots in the services covered by this Agreement and CSCL shall guarantee to HSD the availability of HSD's Slot allocation as stipulated in Section 8 of this Agreement.
- (e) HSD may seek to purchase slots in addition to those set forth above from time to time, subject to space availability, market conditions, etc. without further amendment of this Agreement or any filing with the FMC.
- (f) HSD shall pay for space made available to it, whether used or unused, at such slot charter rates as agreed by Parties.
- (g) Out of gauge and IMO dangerous cargoes may be accepted by CSCL on such terms as the Parties may agree in compliance with and subject to prior application and approval of CSCL. HSD shall have the right to load High Cube Containers on the terms agreed by Parties.
- (h) HSD shall have the right to load up to 10 units of Reefer Containers on AAC service and 16 units of Reefer Containers on AAC3 service, subject to agreement by the Parties on the amount of any additional charge to be applied to the carriage of Reefer Containers.
- (i) HSD may not slot charter or sub-charter any slots made available to it hereunder to any third party ocean common carrier without the prior written consent of CSCL.
- (j) The Parties are authorized to consult and agree in writing upon such general operational, administrative and accounting matters and other related terms and conditions concerning the implementation of this Agreement as may be necessary from time to time, including, but not limited to, recordkeeping, responsibility for loss or damage to cargo, persons or equipment, payment amounts and procedures, insurance, liabilities, claims, indemnification, security charges and related security matters, stowaways and treatment of reefer and/or hazardous and dangerous cargoes. These matters shall be considered routine operational and administrative matters.
- (k) This Agreement is not intended to create a partnership or joint liability under any jurisdiction. Each Party shall utilize and maintain its own marketing, pricing and sales organizations; issue its own bills of lading, and handle its own claims.

9. Slot Costs

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The Parties shall agree on the amount CSCL shall charge HSD for the carriage of loaded and empty Containers hereunder, and may adjust said amount as they may agree from time to time. The Parties shall also agree on the financial settlement terms on which such amount shall be paid.

10. Terminal Operations

The shipment of Containers under this Agreement shall be done under FIO terms. HSD shall be directly responsible for all payments relating to its Containers to the stevedores, terminals and the port, if any, including royalties and assessments in USA ports, and they shall be independently debited for all such operations, and shall settle all payments independently and separately.

11. Force Majeure

Where the performance of a Party in whole or in part is prevented by circumstances beyond that Party's reasonable control, such as war or warlike activities, civil commotion, riots, invasion, rebellion, hostilities, governmental and/or national regulations, boycott against one flag or a political ban against any party, strikes, restraints of Princes and Rulers or any other cause of a like nature, this Agreement shall not thereby be terminated, but the obligations of the Parties hereunder shall be suspended (in whole or in part as appropriate) until such time as the performance thereof is again practicable, without prejudice to any rights, liabilities and obligations accrued at the date of suspension. The Parties will, as far as possible, advise each other within 48 hours of such new circumstances and adopt the terms of this Agreement to the changed circumstances as far as possible. Should the Agreement be wholly or substantially suspended for a period exceeding six (6) calendar months from the date of commencement of such suspension, any Party may elect to terminate the Agreement by written notice to the other Party.

12. Applicable Law and Arbitration

- (a) This Agreement is subject to the Shipping Act of 1984, as amended and FMC regulations. To the extent the Shipping Act is not applicable, this Agreement shall be governed by and interpreted in accordance with the Laws of England for the time being in force.
- (b) Any dispute, claim or violation which may arise under this Agreement shall be settled by arbitration in London in accordance with the Laws of England and the Arbitration Act of 1996, as amended or any statutory modification or reenactment thereof for the time being in force.
- (c) Notwithstanding the generality of this clause (b), where the Claim does not exceed:

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The sum of US\$ 400,000 the arbitration shall be conducted in accordance with the LMAA FALCA Rules in use at the time of the dispute or difference.

The sum of US\$ 100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure in use at the time of the dispute or difference.

In the event that the Claim exceeds US\$ 400,000 then the arbitration shall be conducted under LMAA Terms (2012) or any such later terms as may be in use at the time of the dispute or difference. For the purpose of this clause, a Claim shall consist of all claims in respect of one occurrence or accident or series of occurrences or accidents arising out of one event.

- (d) Notwithstanding the clauses above, the Parties agree to consider mediation at the time of appointment of an arbitrator and without prejudice to the arbitration proceedings. Such mediation shall be conducted under the LMAA Mediation Terms (2002) or any such later terms as may be in use at the time of such dispute or difference. If a Party calls for mediation and such is refused, the Party calling for mediation shall be entitled to bring that refusal to the attention of the arbitrators.

13. Notices

All legal process, notices or other formal communications required by or in connection with this Agreement shall be in writing and sent by letter or facsimile or other written means as may be agreed, and addressed to the other Party at their official company address as follows:

To CSCL:

China Shipping Container Lines Co., Ltd.
Strategy Development Department
20/F, Shipping Scientific Research Building
No. 628 Min Sheng Road, Pudong Area,
Shanghai, 200135, P.R. China
Attn: Mr. Dennis Chen
Tel: +86 21 65966125
Fax: +86 21 65966068
E-mail: dennis@cnshipping.com

To HSD:

Willy-Brandt-Strasse 59-61
20547 Hamburg

John P.A.

Germany
Attn: Mr. Philipp Arning
Telephone: +49 40 37052519
Fax: +49 40 37659308
E-mail: philipp.arning@hamburgsud.com

Any such notices, legal processes or other formal communications shall be deemed to have reached the person to whom it is addressed 48 hours after posting or when dispatched.

14. Non-Assignment

Neither Party shall assign its rights, including its rights to utilize the Container Slots, or delegate its duties under this Agreement to any other person or entity without the prior written consent of the other Party. Notwithstanding the above, each of the Parties may on written notice to the other Party assign its rights or delegate its duties under this Agreement to a fully-owned subsidiary; provided that in the event of such an assignment the Party to this Agreement shall remain responsible for the due and punctual performance to this Agreement by such a subsidiary.

15. Amendment and Embodiment

This Agreement may not be amended, modified or rescinded except in writing and duly signed by authorized signatories of the Parties, and filed with the Federal Maritime Commission and, once effective, any amendment, addendum or appendix so signed shall constitute a part of this Agreement.

16. Further Agreements

The Parties are authorized to enter into further agreements with respect to routine operational and administrative matters to the extent necessary or desirable to implement the general provisions contained in this Agreement (including, but not limited to, that set forth in Article 8 hereof) without further amendment to this Agreement. Any further agreement contemplated by this Agreement, except to the extent such further agreement relates to routine operational and administrative matters, shall be filed with the FMC and become effective under the Shipping Act of 1984 prior to being implemented.

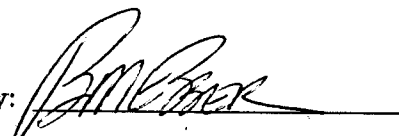
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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or agents as of this 7 day of April, 2015.

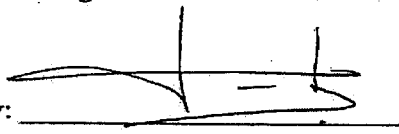
CHINA SHIPPING CONTAINER LINES CO., LTD. & CHINA SHIPPING CONTAINER LINES (HONG KONG) CO., LTD.

By: 
Name: Brett M. Esber

Title: Attorney-in-Fact

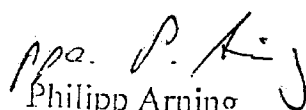
Date: 4/7/15

Hamburg Südamerikanische Dampfschiffahrts-Gesellschaft KG

By: 
Name: **Frank Smet**
Member of the Executive Board

Title:

Date: 7/4/2015


Philipp Arning
Global Head of Network
07/04/2015